

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CHARTER TOWNSHIP OF IRONWOOD	County GOGEBIC
Fiscal Year End DECEMBER 31, 2006	Opinion Date JUNE 21, 2007	Date Audit Report Submitted to State JUNE 29, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

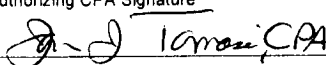
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) JON J. TOMASI, CPA		Telephone Number (906)575-3206	
Street Address 208 BIRCH STREET		City BERGLAND	State MI
Zip 49910			
Authorizing CPA Signature 		Printed Name JON J. TOMASI	
License Number			

CHARTER TOWNSHIP OF IRONWOOD
IRONWOOD, MICHIGAN
GOGEbic COUNTY
REPORT ON FINANCIAL STATEMENTS
(with additional information)
For the Year Ended December 31, 2006

TABLE OF CONTENTS

Audited Financial Statements

Independent Auditor's Report.....	Page 4
Management's Discussion and Analysis (Unaudited).....	6
Statement of Net Assets.....	13
Statement of Activities.....	14
Governmental Funds-Balance Sheet.....	15
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets.....	16
Governmental Funds-Statement of Revenues, Expenditures and Changes in Fund Balance.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Proprietary Funds-Statement of Net Assets.....	19
Proprietary Funds-Statement of Revenues, Expenditures and Changes in Net Assets.....	20
Proprietary Funds-Statement of Cash Flows.....	21
Fiduciary Funds-Statement of Fiduciary Net Assets....	22
Notes to Financial Statements.....	23

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

General Fund-Budgetary Comparison Schedule.....	37
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OTHER SUPPLEMENTAL INFORMATION

Non-Major Governmental Funds-Combining Balance Sheet.	39
Non-Major Governmental Funds-Schedule of Revenues, Expenditures and Changes in Fund Balance.....	40
Major Governmental-General Fund-Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual	41
Water and Sewer Fund-Combining Balance Sheet.....	49
Water and Sewer Fund-Statement of Revenues, Expenditures and Changes in Fund Balance.....	50
Fiduciary Funds-Combining Statement of Net Assets...	51

Report on Compliance and other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	53
Schedule of Findings and Questioned Costs.....	54

Jon J. Tomasi
Certified Public Accountant
208 Birch Street
Bergland, Michigan 49910

INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board
Charter Township of Ironwood
Ironwood, Michigan

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Ironwood, Michigan, as of and for the year ended December 31, 2006 which collectively comprise the Township of Ironwood's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Ironwood, Michigan's management. My responsibility is to express opinions on these general purpose financial statements based on my audit.

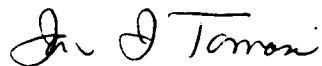
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Charter Township of Ironwood, Michigan, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 6 through 13 and 37 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express

no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Ironwood, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountant
Bergland, Michigan
June 27, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHARTER TOWNSHIP OF IRONWOOD
(Unaudited)

Year ended December 31, 2006

Management's Discussion and Analysis

The Charter Township of Ironwood's Management Discussion and Analysis is intended to assist the reader to focus on significant financial issues, provide an overview of the Township's financial activity, and identify changes in the Township's financial position including its ability to address the next and subsequent year's challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments* and is intended to provide the financial results for the year ending December 31, 2006. GASB 34 requires the presentations of two basic types of financial statements: Government-wide Financial Statements and Fund Financial Statements.

Government-wide Financial Statements

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual basis of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded mostly by State revenue sharing, property taxes and charges for services.

The statement of net assets, as stated previously, shows the Township's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficit of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the Township generally is. This shows if the Township will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net assets on a revenue less expenditure basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township. Any deficiency of revenues over expenditures results in a deficit for the year that in turn reduces the net assets (or increases a deficit) of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHARTER TOWNSHIP OF IRONWOOD
(Unaudited)

Fund Financial Statements

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund (considered a major fund) and the township improvement, special grants and perpetual care funds which are non-major governmental funds.

Individual fund data for each fund is presented separately in the "Other Supplementary Information" section of this report.

The Township adopts an annual budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund and is included in the "Required Supplementary Information" section of this report.

Proprietary Funds

Proprietary Funds provide services for which the Township charges customers a fee. The Township has only one type of proprietary fund - an enterprise fund. The enterprise fund of the Township is used to report the same functions as the business-type activities in the government-wide financial statements. The Water and Sewer Fund is presented in both the government-wide financial

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHARTER TOWNSHIP OF IRONWOOD
(Unaudited)

statements and the fund financial statements and is considered a major fund. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds for the Township are the Tax Collection Fund and Trust and Agency Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

Notes to Financial Statements

Notes to the financial statements are included in the financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

Government-wide Financial Statements - Condensed Financial Information

Statement of Net Assets

The following table shows the Financial Analysis of the Township as a whole with a detailed analysis of the statement below.

Summary of Net Assets

	Governmental		Business-Type	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
ASSETS				
Current Assets:	\$ 917,888	\$ 828,089	\$ 206,312	\$ 186,171
Net Capital Assets	<u>483,427</u>	<u>498,199</u>	<u>528,467</u>	<u>572,774</u>
Total Assets	<u>\$ 1,401,315</u>	<u>\$ 1,326,288</u>	<u>\$ 734,779</u>	<u>\$ 758,945</u>
LIABILITIES				
Current Liabilities	<u>340,731</u>	<u>342,071</u>	<u>179,026</u>	<u>170,031</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHARTER TOWNSHIP OF IRONWOOD
(Unaudited)

	<u>Governmental</u>		<u>Business-Type</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	483,427	498,199	263,974	274,639
Restricted	154,355	154,355		
Unrestricted	<u>422,802</u>	<u>331,663</u>	<u>291,779</u>	<u>314,275</u>
Total Net Assets	<u>\$1,060,584</u>	<u>\$ 984,217</u>	<u>\$555,753</u>	<u>\$588,914</u>
Total Net Assets and Liabilities	<u>\$1,401,315</u>	<u>\$1,326,288</u>	<u>\$734,779</u>	<u>\$758,945</u>

The Township's governmental net assets totaled \$1,060,584 at December 31, 2006 compared to \$984,217 at December 31, 2005. Total assets can be separated into three categories: investment in capital assets, net of related debt, restricted and unrestricted. Net capital assets are a combination of funds available for capital assets less accumulated depreciation. The original cost of capital assets was \$796,788 and the accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP) depreciation expense is recorded on the original cost of the asset less any estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation was \$306,148 for 2006 and \$283,541 for 2005. The remaining balance in unrestricted assets represent an excess balance of \$422,802 for 2006 and \$331,663 for 2005. The business type net assets totaled \$555,753 at December 31, 2006 compared to \$588,914 at December 31, 2005. The original cost of capital assets was \$484,083 for 2006 and \$484,083 for 2005 and accumulated depreciation was \$303,708 for 2006 and \$286,935 for 2005. The remaining balance in unrestricted assets represents an excess balance of \$291,779 for 2006 and \$314,275 for 2005.

Results of Operations

The results of this year's operations for the Township as a whole as reported in the statement of activities. A summary of the Township-wide results of operations for year 2006 and 2005 is as follows:

	<u>Governmental</u>		<u>Business-Type</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Program Revenue:				
Charges for services	195,847	188,809	332,754	279,471
Operating Grant				
Total Program Revenue	<u>195,847</u>	<u>188,809</u>	<u>332,754</u>	<u>279,471</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHARTER TOWNSHIP OF IRONWOOD
(Unaudited)

	<u>Governmental</u> <u>2006</u>	<u>2005</u>	<u>Business-Type</u> <u>2006</u>	<u>2005</u>
General Revenue:				
Property taxes	306,135	277,622		
State Shared Revenue	177,151	182,002		
Investment Earnings	11,204	6,723		
Other	<u>42,338</u>	<u>36,663</u>		
Total General Revenue	<u>536,828</u>	<u>503,010</u>		
 Total Revenue	 <u>\$ 732,675</u>	 <u>\$ 691,819</u>	 <u>\$ 332,754</u>	 <u>\$ 279,471</u>
Expenses:				
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General Government	429,974	389,240		
Public Safety	37,572	45,121		
Public Works	7,824	57,528		
Health and Welfare	163,978	160,626		
Recreation and Culture	16,960	16,850		
Water and Sewer			365,915	349,309
Total Expenditures	<u>656,308</u>	<u>663,365</u>	<u>365,915</u>	<u>349,309</u>
 Increase (Decrease) in Net Assets	 76,367	 28,545	 (33,161)	 (69,838)
Net Assets January 1	<u>984,217</u>	<u>955,763</u>	<u>588,914</u>	<u>658,752</u>
Net Assets, December 31	<u>\$1,060,584</u>	<u>\$984,217</u>	<u>\$555,753</u>	<u>\$588,914</u>

Governmental Fund Financial Highlights

The overall condition of the governmental funds has increased during 2006. Several factors that contributed to the situation included an increase in property tax revenue and charges for services totaling \$35,551. Expenditures were reduced by \$7,057 with the major reduction being in general government.

Proprietary Fund/Business-Type Activities

The overall condition of the proprietary funds has an increase in 2006. Operating revenue increased by \$53,283, but again in 2006 absorbed a loss from the investment in the wastewater authority (\$38,237 for 2006). The loss has decreased by \$36,667 from 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHARTER TOWNSHIP OF IRONWOOD
(Unaudited)

General Fund Budgetary Highlights

The Township amended its general fund budget during the year. Actual revenue exceeded budgeted revenue by \$20,930 and actual expenditures were less than budgeted expenditures by \$45,836. Negative budget variances were in the areas of Revenue State Grants and Expenditures, Health and Welfare, Culture and Recreation and Capital Outlay.

Total Revenues

Below is a summary of the governmental fund revenues and their percentages as they relate to governmental funds:

	Total Revenue		Total Revenue	
	<u>2006</u>	<u>Percentage</u>	<u>2005</u>	<u>Percentage</u>
Taxes	\$ 306,135	41.9%	\$ 277,622	40.1%
Licenses and Permits	14,228	1.9	7,678	1.1
State Grants	177,151	24.2	182,002	26.3
Charges for Services	166,682	22.8	166,875	24.1
Interest and Permits	15,068	2.1	9,680	1.4
Other	<u>52,008</u>	<u>7.1</u>	<u>47,962</u>	<u>7.0</u>
Total Revenue	\$ 731,272	100.0%	\$691,819	100.0%

Below is a summary of the governmental fund expenditures and their percentages as they relate to total governmental funds.

	Total Expenditures		Total Expenditures	
	<u>2006</u>	<u>Percentage</u>	<u>2005</u>	<u>Percentage</u>
Legislative	\$ 79,272	12.4%	\$ 70,053	11.0%
General Government	331,096	51.6	299,938	47.0
Public Safety	33,902	5.3	41,451	6.5
Public Works	7,824	1.2	51,528	8.1
Health and Welfare	163,978	25.6	160,626	25.1
Culture and Recreation	15,274	2.4	15,164	2.3
Capital Outlay	<u>9,833</u>	<u>1.5</u>	<u> </u>	<u> </u>
Total Expenditures	\$641,179	100.0%	\$638,760	100.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHARTER TOWNSHIP OF IRONWOOD
(Unaudited)

Capital Assets and Debt Administration

At the end of 2006, the District had \$747,401 invested in land and building, furniture, vehicles and equipment compared to \$772,838 at the end of 2005.

Other Economic Factors and Next Years Budget

Economic Factors

Currently, the State of Michigan is still in a severe budgetary crisis. As such, it is anticipated that future state budget cuts will likely translate into strategic reductions of Township expenses to maintain a sound budget. Despite the poor outlook of the state's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families and maintain a safe and clean community in which to live.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor
Charter Township of Ironwood
N10892 Lake Road
Ironwood, MI 49938

CHARTER TOWNSHIP OF IRONWOOD

STATEMENT OF NET ASSETS
For the year ended December 31, 2006

	Primary Government Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$408,323	\$62,696	\$471,019
Investments			
Receivables (Net)	352,975	143,616	496,591
Due from Other Funds	156,590		156,590
Inventories			
TOTAL CURRENT ASSETS	917,888	206,312	1,124,200
NON-CURRENT ASSETS			
Investments in Waste Water Authority		252,611	252,611
Cash Reserves		11,882	11,882
Capital Assets--Net	483,427	263,974	747,401
TOTAL NON-CURRENT ASSETS	483,427	528,467	1,011,894
TOTAL ASSETS	1,401,315	734,779	2,136,094
LIABILITIES			
Accounts Payable	28,488	20,439	48,927
Accrued Other Liabilities		156,641	156,641
Due to Other Funds			
Deferred Revenue	312,243	1,946	314,189
TOTAL LIABILITIES	340,731	179,026	519,757
NET ASSETS			
Invested in Capital Assets--Net of Related Debt	483,427	263,974	747,401
Restricted for Equipment	24,657		24,657
Restricted for Capital Improvements	4,500		4,500
Restricted for Park Development	62,559		62,559
Restricted for Landfill Closure	62,639		62,639
Unrestricted	422,802	291,779	714,581
TOTAL NET ASSETS	\$1,060,584	\$555,753	\$1,616,337

The notes to financial statements are an integral part of these statements

CHARTER TOWNSHIP OF IRONWOOD
STATEMENT OF ACTIVITIES
For the year ended December 31, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government						
General Government	\$429,974	\$9,579			(420,395)	(420,395)
Public Safety	37,572	16,743			(20,829)	(20,829)
Public Works	7,824				(7,824)	(7,824)
Health and Welfare	163,978	169,525			5,547	5,547
Community and Economic Development						
Recreation and Culture	16,960				(16,960)	(16,960)
Interest on Long-Term Debt						
Total Governmental Activities	656,308	195,847			(460,461)	(460,461)
Business-Type Activities						
Water and Sewer	365,915	332,754				(33,161)
Total Primary Government	1,022,223	528,601			(460,461)	(493,622)
General Revenues						
Property Taxes					306,135	306,135
State-Shared Revenues					177,151	177,151
Unrestricted Investment Earnings					11,204	11,204
Other					42,338	42,338
Total General Revenues					536,828	536,828
Change in Net Assets					76,367	43,206
Net Assets--Beginning					984,217	1,573,131
Net Assets--Ending					\$1,060,584	\$1,616,337

The notes to Financial Statements are an integral part of this statement

CHARTER TOWNSHIP OF IRONWOOD
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2006

	General Fund	Non-Major Governmental Funds	Totals Governmental Funds
ASSETS			
Cash and Equivalents	\$327,651	\$80,672	\$408,323
Investments			
Receivables--Net	282,619	220	282,839
Due from Other Funds	226,726	1,400	228,126
Receivable from Other Governments			
Inventories			
TOTAL ASSETS	836,996	82,292	919,288
LIABILITIES			
Accounts payable	26,075		26,075
Due to Other Funds	1,400		1,400
Payable to Other Governments			
Deferred Revenue	307,243	5,000	312,243
TOTAL LIABILITIES	334,718	5,000	339,718
FUND BALANCES			
Reserved for			
Fire Equipment	24,657		24,657
Capital Improvements	4,500	5,840	10,340
Park Development	62,559		62,559
Landfill Closure	62,639		62,639
Debt Service			
Unreserved	347,923	71,452	419,375
TOTAL FUND BALANCE	502,278	77,292	579,570
TOTAL LIABILITIES AND FUND BALANCE	\$836,996	\$82,292	\$919,288

The notes to the Financial Statements are an integral part of this report

CHARTER TOWNSHIP OF IRONWOOD

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2006

Total Fund Balances for Governmental Funds	\$579,570
<i>Amounts reported for governmental activities in this statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	483,427
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,413)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$1,060,584</u>

The notes to the Financial Statements are an integral part of this report

CHARTER TOWNSHIP OF IRONWOOD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year ended December 31, 2006

	General Fund	Non Major Governmental Funds	Totals Governmental Funds
REVENUES			
Taxes	\$306,135		\$306,135
Licenses and permits	14,228		14,228
State grants	177,151		177,151
Charges for services	166,682	485	167,167
Interest and rentals	15,068	918	15,986
Other	52,008		52,008
TOTAL REVENUES	731,272	1,403	732,675
EXPENDITURES			
Legislative	79,272		79,272
General government	331,096		331,096
Public safety	33,902		33,902
Public works	7,824		7,824
Health and welfare	163,978		163,978
Culture and recreation	15,274		15,274
Capital outlay	9,833		9,833
Contingency			
Debt service			
Miscellaneous			
TOTAL EXPENDITURES	641,179		641,179
EXCESS OF REVENUE (EXPENDITURES)	90,093	1,403	91,496
OTHER FINANCING SOURCES (USES)			
CHANGE IN FUND BALANCE	90,093	1,403	91,496
FUND BALANCE JANUARY 1, 2006	412,185	75,889	488,074
FUND BALANCE DECEMBER 31, 2006	\$502,278	\$77,292	\$579,570

The notes to financial statements are an integral part of these statements.

CHARTER TOWNSHIP OF IRONWOOD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
For the Calendar Year Ended December 31, 2006

Net Change in Fund Balance-Total Governmental Funds	\$91,496
-----------------------------------------------------	----------

*Amounts reported for governmental activities in this statement
of net assets are different because:*

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of these assets is allocated over
their estimated useful lives as depreciation expense. This is the amount by
which capital outlays exceed depreciation in the current period.

Capital Outlays	9,833	
Depreciation Expense	(22,549)	(12,716)

Some expenses reported in the statement of activities such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(2,413)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$76,367</u>
-------------------------------------------------	-----------------

The notes to the Financial Statements are an integral part of this report

CHARTER TOWNSHIP OF IRONWOOD

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2006

	Business-Type Activities Enterprise Funds
	Water and Sewer Fund
<hr/>	
ASSETS	
Current Assets:	
Cash and cash equivalents	\$62,696
Cash and cash equivalents-restricted	11,882
Accounts receivable, net	143,316
TOTAL CURRENT ASSETS	217,894
Non-current Assets:	
Investment in Sewer Authority	252,611
Land	11,058
Building and Structures	7,500
Utility Plant in Service	342,364
Equipment	123,161
Construction in Progress	83,899
Accumulated Depreciation	(303,708)
TOTAL NON-CURRENT ASSETS	516,885
TOTAL ASSETS	734,779
<hr/>	
LIABILITIES	
Current Liabilities:	
Accounts payable	14,639
Due to other Funds	162,441
Security Deposits	
Deferred Revenue	1,946
TOTAL CURRENT LIABILITIES	179,026
NET ASSETS:	
Invested in capital assets net of related debt	270,044
Restricted-debt service	11,882
Unrestricted	273,827
TOTAL NET ASSETS	555,753

The notes to financial statements are an integral part of these statements

CHARTER TOWNSHIP OF IRONWOOD
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 For the fiscal year ended December 31, 2006

	Business-Type Activities Enterprise Funds Water and Sewer Fund
OPERATING REVENUES	
Charges for services (net)	\$365,279
Other operating revenue	
Gain (loss) on investment in wastewater treatment facility	(38,237)
TOTAL OPERATING REVENUES	327,042
OPERATING EXPENSES	
Operating expenses	349,142
Depreciation	16,773
TOTAL OPERATING EXPENSES	365,915
OPERATING INCOME (LOSS)	(38,873)
NON-OPERATING REVENUES (EXPENSES)	
Investment income	5,712
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,712
INCOME (LOSS) BEFORE TRANSFERS	(33,161)
CHANGE IN NET ASSETS	(33,161)
Net assets, beginning of year	588,914
NET ASSETS, END OF YEAR	\$555,753

The notes to financial statements are an integral part of these statements

CHARTER TOWNSHIP OF IRONWOOD
 PROPRIETARY FUNDS
 COMBINED STATEMENT OF CASH FLOWS
 For the fiscal year ended December 31, 2006

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from charged for services	\$335,516
Other operating revenues	
Cash payments to employees for services	(47,047)
Cash payments to suppliers for goods and services	(293,100)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,631)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash payments for capital assets	(6,408)
Reimbursement for construction in progress	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(6,408)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	5,712
Investment in sewer authority	38,237
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	43,949
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,910
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	41,668
CASH AND CASH EQUIVALENTS, END OF YEAR	\$74,578
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	(38,873)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	16,773
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(28,991)
(Increase) decrease in due from funds	37,465
Increase (decrease) in accounts payable	(1,340)
Increase (decrease) in due to other funds	39,497
Increase (decrease) in deferred revenue	(29,162)
NET ADJUSTMENTS	34,242
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,631)

'The notes to financial statements are an integral part of these statements

CHARTER TOWNSHIP OF IRONWOOD
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2006

		Agency Funds
ASSETS		
Cash and Cash Equivalents		\$61,377
Due from Other Funds		9,029
Due from Others		6,760
TOTAL ASSETS		<u>\$77,166</u>
LIABILITIES		
Due to other funds		73,315
Due to others		3,851
TOTAL LIABILITIES		<u>\$77,166</u>

The notes to financial statements are an integral part of these statements

CHARTER TOWNSHIP OF IRONWOOD

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

(A) Reporting Entity

Since November of 1978, the Township of Ironwood has operated as a charter township under P.A. 359 of 1947 as amended. The governing board is composed of seven elected members, which include the supervisor, treasurer, and clerk. The Charter Township provides its residents services in many areas including public safety, highways and streets, sanitation, culture and recreation, planning and zoning and general administrative services. The accompanying financial statements present the government and its component units for which the government is considered to be financially accountable.

(B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of

particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable-Property Taxes

The Charter Township of Ironwood's property tax is levied on each December 1st on the taxable value of property (as defined by state statutes) located in the Local Governmental Unity as of the preceding December 31st .

Although the Local Governmental Unit 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the Local Governmental Units policy to recognize revenue from the current tax levy in the subsequent year or the current year when the proceeds of this levy are budgeted and made

"available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2006 taxable valuation of the Local Governmental Unit totaled \$57,651,031 on which ad valorem taxes levied consisted of 4.2813 mills for the Local Governmental Unit operating purposes. The amounts are recognized in the General Fund.

The government reports the following major Governmental Fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

Private sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services. The principal operating revenue of our proprietary funds relate to charges

to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

(D) Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets-The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	25 years
Water and Sewer Lines	50 to 75 years
Vehicles	8 years
Office Equipment	5 years
Computer Equipment	5 years

Compensated Absences-The Charter Township has only three employees that can accumulate sick leave. The Charter Township liability for unused sick leave is \$2,413 and is recorded in the government-wide financial statements.

Following is a summary of employment policies related to accumulated absences.

Sick Leave

Full time employees shall earn one paid sick day per month beginning at the start of each year. Sick days may not be accumulated beyond 120 days. Nonunion employees will receive payment for half of sick days accumulated upon retirement, but not to exceed 24 days. Union employees shall receive half of sick time accumulated.

Compensatory Time

Employees may accumulate compensatory time at a rate of time-and-one-half. There will be a maximum of 120 hours compensatory time accumulated each year. All compensatory time must be taken (used) within 120 days. There will be no carryovers.

Vacation Leave

Vacation leave is earned in varying amounts depending upon years of service. All vacation leave must be used within the calendar year.

Fund Equity-In the fund financial statements, government funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgeting Information-Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end.

The Supervisor, with the help of the various department heads, prepares the proposed budget for presentation to the Township Board during August and September for the calendar year beginning on January 1. Budget hearings are scheduled in September to obtain taxpayer comments. The Budget is adopted by the Township Board prior to January 1.

The general fund revenues and expenditures are accounted for in accordance with the adopted budget.

Formal budgets are not required for the operations of the propriety fund types but revenues and expenditures are related to budgetary estimates on an informal basis to achieve objectives.

Excess of Expenditures Over Appropriation in Budgeted Funds
In the body of the financial statements, the Charter Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Charter Township of these budgetary funds were adopted to the activity level.

The Charter Township has not complied with all the provisions of P.A. 621 of 1978.

The Act provides that the budget must be amended whenever actual revenues are less than budgeted amounts or expenditures exceed budgeted amounts at the level of the adopted budget. Budget variances of this nature which are material are shown on the following pages.

General Fund Page 35

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Charter Township of Ironwood to deposit and invest in the accounts of Federally insured banks, Credit unions and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States banks, commercial paper rated within the two

highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or it's political subdivisions which are rated as investment grade and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan

The Charter Township of Ironwood has designated three banks for the deposit of funds and allows for investments in any other legal banking institution. The township's investments are in accordance with statutory authority.

The Governmental Accounting Standards Board statement No. 3 risk disclosures for the Township's cash deposits are as follows:

	Carrying Amount	Bank Balance	Fund
Insured FDIC	\$311,007	314,156	All Funds
Uninsured			
Collateralized			All Funds
Uncollateralized	<u>221,197</u>	<u>296,256</u>	All Funds
	\$532,204	\$610,412	

NOTE 4-RECEIVABLES

Accounts receivable and related allowances for uncollectibles are as follows:

	Receivable	Allowance	Net
General Fund	\$ 28,511	\$ 0	\$ 28,511
	=====	=====	=====
Water & Sewer Fund	\$143,316	\$ 0	\$143,316
	=====	=====	=====
Perpetual Care Fund	\$ 220	\$ 0	\$ 220
	=====	=====	=====

Special assessments and related allowances for uncollectibles are as follows:

	Receivable	Allowance	Net
General Fund			
Street Lights	\$ 1,954	\$ 0	\$ 1,954
Garbage	<u>56,714</u>	<u>0</u>	<u>56,714</u>
	\$58,668	\$ 0	\$58,668
	=====	=====	=====

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet

NOTES TO FINANCIAL STATEMENTS (Continued)

earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	\$195,410	\$86,816
Special Assessments		25,017
Grant Amount Prior to Meeting Requirements		5,000
Total	<u>\$195,410</u>	<u>\$116,833</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning			Ending
Governmental Activities	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital Assets Not Being Depreciated				
Land	\$225,953			\$ 225,953
Construction in Progress				
Subtotal	<u>225,953</u>			<u>225,953</u>
Capital Assets Being Depreciated				
Buildings	181,910			181,910
Improvements Other Than Buildings	33,713	9833		33,713
Machinery & Equipment	345,379			355,212
Infrastructure				
Subtotal	<u>561,002</u>	<u>9833</u>		<u>570,835</u>
Less Accumulated Depreciation for				
Buildings	(82,761)	(7,277)		(90,038)
Improvements Other Than Buildings	(26,971)	(1,685)		(28,656)
Machinery & Equipment	(173,718)	(13,736)		(187,454)
Infrastructure				
Subtotal	<u>(283,450)</u>	<u>(22,698)</u>		<u>(306,148)</u>
Net Capital Assets Being Depreciated	<u>277,552</u>	<u>(12,865)</u>		<u>264,687</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$503,505</u>	<u>(12,865)</u>		<u>\$490,640</u>

	Beginning			Ending
Business-Type Activities	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 11,058			\$ 11,058
Construction in Progress	77,491	6408		83,899
Subtotal	<u>88,549</u>	<u>6408</u>		<u>94,957</u>
Capital Assets Being Depreciated				
Buildings	7,500			7,500
Improvements Other Than Buildings				
Machinery & Equipment	123,160			123,160
Infrastructure	342,364			342,364
Subtotal	<u>469,809</u>			<u>473,024</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Buildings			
Improvements Other Than Buildings			
Machinery & Equipment	(103,835)	(7,458)	(111,293)
Infrastructure	(183,100)	(9,315)	(192,415)
Subtotal	(286,935)	(16,773)	(303,708)
Net Capital Assets Being Depreciated	186,089	(16,773)	169,316
Governmental Activities Capital Total			
Capital Assets-Net of Depreciation	\$274,638	(10,365)	\$264,273

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	17,342
Public Safety	3,670
Public Works	
Economic Development	
Recreation and Culture	<u>1,686</u>
Total Governmental Activities	<u>\$22,698</u>
Business-Type Activities	
Water	8,257
Sewer	<u>8,516</u>
Total Business-Type Activities	<u>16,773</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables are as follows:

Interfund		Interfund	
Fund	Receivable	Fund	Payable
General Fund	\$226,727	Current Tax Collection Fund	\$ 66,074
Trust and Agency	85	Trust & Agency Fund	7,241
Current Tax Collection Fund	8,944	Water & Sewer Fund	162,441
		General Fund	1,400
Perpetual Care Fund	1,400		
	<u>\$237,156</u>		<u>\$237,156</u>

NOTE 7 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Charter Township's utility fund is the Water and Sewer Fund, which provides water and sewage services to some residents of the Charter Township.

The requirements for disclosures of operating revenues, depreciation expense, operating income or loss, operating

grants and interfund transfers, tax revenues and net income or loss are met in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance/Retained Earnings - All Proprietary Fund Types and Similar Trust Funds. In addition, the requirement to disclose cash flows is met by the Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds. Requirements for total assets, total long-term debt outstanding, and total equity are met in the Combined Balance Sheet - All Fund Types.

Additional information required is as follows:

Current capital contributions	None
	=====
Current Transfers	None
	=====
Fixed Assets	
Additions	\$6,409
	=====
Deletions	None
	=====
Construction in Process	
Additions	\$6,409
	=====
Deletions	
	=====
Investment in Sewer Authority	\$252,611
	=====

NOTE 8- RISK MANAGEMENT

The Charter Township of Ironwood is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, (workers compensation) as well as medical benefits provided to employees. All risks of losses are covered by commercial insurance coverage. There was no reduction in coverage from prior years and there were no settlements of claims which exceeded insurance coverage in any of the past three calendar years.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

The Charter Township of Ironwood has no deferred compensation plan.

The Charter Township of Ironwood's postemployee benefit other than pensions consist of health insurance payments for former employees who are at least 62 years old and not yet 65 years

old and have been employed by the township for at least 10 years. The township's obligation for postemployment health care benefits are expensed as they become due.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Charter Township provides pension benefits for all of its elected officials and full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All elected officials and full-time employees over 18 years but less than 76 years of age are eligible to participate. Elected officials are eligible immediately and other employees are eligible after completing six months of service.

The plan requires a contribution of 10% of expected annual compensation. The Charter Township pays 100% of the contributions. Contributions are vested immediately.

The Charter Township covered payroll for the year ended December 31, 2006 was \$187,637. Contributions required to be made to the plan during the year totaled \$18,764 or 10% of covered payroll. Total payroll for the Charter Township for the year was \$197,938.

NOTE 11 - INVESTMENT IN GOGEBIC-IRON WASTEWATER AUTHORITY

The Charter Township of Ironwood and two other municipalities have formed a sewer authority to construct and operate a sewage collections and treatment facility. Each municipality is an owner in common of an undivided interest in the facility. After retirement of revenue bonds (in the year 2025) title to the collection system in each unit will pass to that unit. The Charter Township of Ironwood accounts for its investment using the equity method.

The Gogebic-Iron Wastewater Authority (The Authority) was incorporated on November 22, 1983, to acquire, own, improve, enlarge, extend, and operate a sewage disposal system in accordance with Act 233, Public Acts of Michigan, 1988, as amended. The Authority owns the physical properties, is responsible for the related indebtedness and is responsible for raising monies from the participating units to cover operations on the system. The system is operated by the Gogebic-Iron Wastewater Board (the Board), an independent joint board comprised of members from each constituent municipality participating in the sewage disposal systems. The Board's source of revenues is a management fee received from the Authority. The Board pays the operating costs.

The incorporating municipalities creating the Authority are City of Ironwood, Township of Erwin, and Charter Township of Ironwood. The Gogebic-Iron Wastewater Board consists of the

members of the Authority and City of Hurley, Wisconsin.

Each municipality is an owner in common of an undivided interest in the facilities. This interest will be determined by each unit's capacity share in the facility, which will be determined as the facilities are used.

The governing Boards of the Authority and the Board are made up of one member of each municipalities' governing board. Each municipality chooses its own member. Control of the participating municipalities is limited to the input of its board member.

Below is a summary of the financial statements of the Authority and Board as of June 30, 2006.

	Authority	Board
Total Assets	\$16,602,319	\$ 90,567
	=====	=====
Total Liabilities	\$ 4,593,514	\$ 90,567
	=====	=====
Total Net Assets	12,008,805	\$ 0
	=====	=====
Total Revenues	\$ 1,237,153	\$ 749,174
	=====	=====
Total Expenditures	\$ 1,648,312	\$ 749,174
	=====	=====
Decrease in Net Assets	\$ 411,159	\$ 0
	=====	=====

The Charter Township of Ironwood's share of the assets, liabilities and changes in retained earnings cannot be determined at this time.

	Authority	Board
Total Current Debt	\$ 159,800	\$ 16,480
	=====	=====
70 Total Long-term Debt	\$4,284,200	\$ 65,270
	=====	=====

This debt is to be repaid by charges to the participating municipalities based on usage of the system.

NOTE 12 - CONSTRUCTION IN PROGRESS

The Charter Township of Ironwood is involved in two construction projects at this time. These projects are detailed as follows:

Powderhorn Area

The Township has formed an authority with Bessemer Township known as the Powderhorn Area Utility District (PAUD). The Authority was formed to address the pollution problems in the Powderhorn area. The sewer project at Powderhorn Mountain received notice of substantial completion in November of 2006. Work continues on restoration of property and on the private laterals in order to have the system in full operation in 2007.

Township Water System

The water system replacement project in Ironwood Township continues with the main water line that terminated at Crestview Road being continued to the east along US-2. The project is being constructed under the Gogebic Range Water Authority, Phase III. The cost of this project is being borne by Wal-Mart with a possible contribution of under \$10,000 (ten thousand) by the GRWA.

The Township also may participate in the placement of a water tank near Grand View Hospital, which would not only benefit the Hospital but also provide capacity and pressure for the whole GRWA system, including Ironwood Township.

R E Q U I R E D
S U P P L E M E N T A L
F I N A N C I A L
I N F O R M A T I O N

CHARTER TOWNSHIP OF IRONWOOD

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year ended December 31, 2006

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$280,000	\$306,135	\$26,135
Licenses and permits	7,500	14,228	6,728
State grants	180,000	177,151	(2,849)
Charges for services	159,000	166,682	7,682
Interest and rentals	8,000	15,068	7,068
Other	75,842	52,008	(23,834)
TOTAL REVENUES	710,342	731,272	20,930
EXPENDITURES			
Legislative	86,500	79,272	7,228
General government	361,397	331,096	30,301
Public safety	42,608	33,902	8,706
Public works	15,000	7,824	7,176
Health and welfare	158,750	163,978	(5,228)
Culture and recreation	15,260	15,274	(14)
Capital outlay			
Debt service	7,500	9,833	(2,333)
Contingency			
TOTAL EXPENDITURES	687,015	641,179	45,836
EXCESS OF REVENUES (EXPENDITURES)	23,327	90,093	66,766
OTHER FINANCING SOURCES (USES)			
Transfers from other funds			
Transfers to other funds			
Retirement of debt			
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	23,327	90,093	66,766
FUND BALANCE JANUARY 1, 2006	\$412,185	\$412,185	
FUND BALANCE DECEMBER 31, 2006	\$435,512	\$502,278	(\$77,871)

The notes to financial statements are an integral part of these statements.

O T H E R
S U P P L E M E N T A L
I N F O R M A T I O N

CHARTER TOWNSHIP OF IRONWOOD
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Special Revenue Funds			
	Township Improvement Fund	Special Grants Fund	Perpetual Care Fund	Total Non-Major Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$9,386	\$67,066	\$4,220	\$80,672
Investments				
Taxes Receivable			220	220
Accounts Receivable				
Due from State of Michigan				
Due from Other Funds			1,400	1,400
TOTAL ASSETS	9,386	67,066	5,840	82,292
<u>Liabilities and Fund Equity</u>				
LIABILITIES				
Accounts payable				
Accrued Liabilities				
Due to State				
Advances from State				
Deferred Revenue		5,000		5,000
TOTAL LIABILITIES		5,000		5,000
FUND BALANCE				
Reserved				
Unreserved				
Designated			5,840	5,840
Undesignated	9,386	62,066		71,452
TOTAL FUND EQUITY	9,386	62,066	5,840	77,292
TOTAL LIABILITIES AND EQUITY	\$9,386	\$67,066	\$5,840	\$82,292

The notes to Financial Statements are an integral part of this report

CHARTER TOWNSHIP OF IRONWOOD

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2006

	Special Revenue Funds			
	Township Improvement Fund	Special Grants Fund	Perpetual Care Fund	Total Non-Major Governmental Funds
REVENUES				
Taxes and Penalties				
Charges for services			485	485
Interest and Rentals	168	674	76	918
Other Revenue				
TOTAL REVENUES	168	674	561	1,403
EXPENDITURES				
Current				
Judicial				
General Government				
Public Safety				
Recreational and Cultural				
Other				
Debt service				
Capital Outlay				
TOTAL EXPENDITURES				
EXCESS OF REVENUE (EXPENDITURES)	168	674	561	1,403
OTHER FINANCING SOURCES (USES)				
Operating Transfers In				
Operating Transfers (Out)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER USES	168	674	561	1,403
Fund Balance-January 1, 2006	9,218	61,392	5,279	75,889
Fund Balance-December 31, 2006	\$9,386	\$62,066	\$5,840	\$77,292

The notes to the Financial Statement are an integral part of this report

CHARTER TOWNSHIP OF IRONWOOD
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF REVENUES - BUDGET AND ACTUAL
For the year ended December 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current property taxes		\$248,907	
Penalties and interest on taxes			
Payment in lieu of taxes		27,214	
Administration fees		30,014	
TOTAL TAXES	\$280,000	306,135	\$26,135
LICENSES AND PERMITS	7,500	14,228	6,728
STATE GRANTS			
State shared revenue		169,879	
Other state		7,272	
TOTAL STATE GRANTS	180,000	177,151	(2,849)
CHARGES FOR SERVICES			
School tax collection fees			
Grave openings		3,520	
Garbage collection fees		163,162	
Other			
TOTAL CHARGES FOR SERVICES	159,000	166,682	7,682
INTEREST AND RENTALS			
Interest income		13,129	
Rentals		1,939	
TOTAL INTEREST AND RENTALS	8,000	15,068	7,068
OTHER			
Street light assessment		2,786	
Cemetery lot sales		1,370	
Miscellaneous		14,702	
Stumpage		33,150	
TOTAL OTHER	75,842	52,008	(23,834)
TOTAL REVENUES	710,342	731,272	20,930

CHARTER TOWNSHIP OF IRONWOOD
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended December 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
<hr/>			
LEGISLATIVE			
Township Board			
Salaries		\$12,425	
Wages		3,000	
Social security		1,180	
Hospitalization		28,173	
Life insurance		487	
Retirement		1,358	
Office supplies		6,327	
Contracted services		8,069	
Communications		2,422	
Transportation		102	
Printing and publishing		6,579	
Miscellaneous		1,569	
Dues and education		2,272	
Contributions		5,309	
Equipment			
	<hr/>		
TOTAL LEGISLATIVE	\$86,500	\$79,272	\$7,228
<hr/>			
GENERAL GOVERNMENT			
Supervisor			
Salary		30,982	
Wages		4,000	
Social security		2,676	
Hospitalization		19,467	
Life insurance		86	
Retirement		3,264	
Office supplies		549	
Travel			
Dues and education			
	<hr/>		
Total Supervisor	61,357	61,024	333
<hr/>			
TOTALS FORWARDED	147,857	140,296	7,561

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$147,857	\$140,296	\$7,561
Elections			
Contracts		1,815	
Office supplies		599	
Miscellaneous		301	
Total Elections	2,900	2,715	185
Assessor			
Salary			
Social security			
Hospitalization			
Life insurance			
Retirement			
Office supplies		2,498	
Contracted services		9,483	
Miscellaneous			
Dues and education		147	
Transportation			
Total Assessor	12,977	12,128	849
Attorney			
Contracted services		4,775	
Total Attorney	4,500	4,775	(275)
TOTALS FORWARDED	168,234	159,914	8,320

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$168,234	\$159,914	\$8,320
Clerk			
Salary		30,076	
Clerical and Deputy salary		4,000	
Social security		2,607	
Hospitalization		19,739	
Life insurance		39	
Retirement		3,628	
Office supplies		109	
Communications		320	
Miscellaneous		1,174	
Education and dues			
Total Clerk	65,223	61,692	3,531
Board of Review			
Wages		672	
Social security		28	
Miscellaneous			
Total Board of Review	911	700	211
Treasurer			
Salary		30,076	
Deputy Salary		7,000	
Social security		2,836	
Hospitalization		6,218	
Life insurance		21	
Retirement		4,026	
Office supplies		3,486	
Contracted services		305	
Transportation		5	
Bonds and insurance			
Miscellaneous		23	
Education			
Total Treasurer	58,594	53,996	4,598
TOTALS FORWARDED	292,962	276,302	16,660

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$292,962	\$276,302	\$16,660
Township Hall			
Salaries		23,145	
Wages		7,548	
Social security		2,348	
Hospitalization		29,000	
Life insurance		55	
Retirement		3,738	
Supplies		4,631	
Insurance		46,145	
Public utilities		13,216	
Repairs and maintenance		3,157	
Miscellaneous		475	
Total Township Hall	152,660	133,458	19,202
Cemetery			
Wages		200	
Social security		16	
Operating supplies			
Contracted services			
Public utilities		38	
Repairs and maintenance		332	
Miscellaneous		22	
Total Cemetery	2,275	608	1,667
TOTAL GENERAL GOVERNMENT	361,397	331,096	30,301
PUBLIC SAFETY			
Police			
Contracted services			
Total Police			
TOTALS FORWARDED	447,897	410,368	37,529

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$447,897	\$410,368	\$37,529
Fire Department			
Wages		6,482	
Social security		496	
Life insurance		1,175	
Supplies		3,789	
Communications		3,245	
Insurance and bonds		3,116	
Public utilities		1,004	
Repairs and maintenance		2,350	
Miscellaneous		216	
Education		248	
Total Fire Department	32,831	22,121	10,710
Building Inspector			
Contracted services		9,367	
Total Building Inspector	7,000	9,367	(2,367)
Zoning and Planning			
Wages		1,790	
Social security		136	
Miscellaneous		488	
Total Zoning and Planning	2,777	2,414	363
TOTAL PUBLIC SAFETY	42,608	33,902	8,706
TOTALS FORWARDED	490,505	444,270	46,235

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$490,505	\$444,270	\$46,235
PUBLIC WORKS			
Street Lights			
Public utilities		4,692	
Repairs and maintenance		3,132	
TOTAL PUBLIC WORKS	15,000	7,824	7,176
HEALTH AND WELFARE			
Solid Waste			
Wages/salaries			
Social security			
Supplies		1,209	
Contracted services		162,769	
Miscellaneous			
TOTAL HEALTH AND WELFARE	158,750	163,978	(5,228)
CULTURE AND RECREATION			
Recreation			
Wages			
Social security			
Contracted services			
Supplies			
Utilities		1,122	
Repairs & Maintenance		852	
Total Recreation	1,960	1,974	(14)
TOTALS FORWARDED	666,215	618,046	48,169

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$666,215	\$618,046	\$48,169
Library			
Contract		13,300	
Total Library	13,300	13,300	
TOTAL CULTURE AND RECREATION	15,260	15,274	(14)
CAPITAL OUTLAY			
Equipment			
Building Improvements			
Fire Equipment		9,833	
Solid Waste			
TOTAL CAPITAL OUTLAY	7,500	9,833	(2,333)
TOTAL CONTINGENCIES			
TOTAL EXPENDITURES	\$687,015	\$641,179	45,836

COMBINING BALANCE SHEET - WATER AND SEWER FUNDS
CHARTER TOWNSHIP OF IRONWOOD
December 31, 2006

	Water Fund	Sewer Fund	Total
<hr/>			
	ASSETS		
ASSETS			
Cash on hand and in bank	\$52,719	\$9,976	\$62,695
Customer Accounts Receivable:	92,144	51,172	143,316
Other Receivables			
	<hr/>		
TOTAL CURRENT ASSETS	144,863	61,148	206,011
	<hr/>		
UTILITY PLANT ASSETS	314,698	505,896	820,594
Less Allowance for Depreciation	161,857	141,851	303,708
	<hr/>		
	152,841	364,045	516,886
OTHER ASSETS			
Assets held by GIWWAA	11,882		11,882
	<hr/>		
TOTAL ASSETS	\$309,586	\$425,193	\$734,779
	<hr/>		
	<hr/>		
	LIABILITIES		
CURRENT LIABILITIES			
Accounts Payable	\$14,016	\$623	\$14,639
Interest Payable			
Due Other Funds	81,504	80,937	162,441
Deferred Revenue		1,946	1,946
	<hr/>		
TOTAL CURRENT LIABILITIES	95,520	83,506	179,026
	<hr/>		
	FUND EQUITY		
FUND EQUITY			
RETAINED EARNINGS (DEFICIT)	214,066	341,687	555,753
	<hr/>		
TOTAL LIABILITIES AND EQUITY	\$309,586	\$425,193	\$734,779
	<hr/>		
	<hr/>		

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
WATER AND SEWER FUNDS
CHARTER TOWNSHIP OF IRONWOOD
Year Ended December 31, 2006

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges to Customers	\$223,125	\$142,154	\$365,279
	223,125	142,154	365,279
Operating Expenses:			
Salaries and Wages	28,228	18,819	47,047
Supplies	796	1,856	2,652
Contracted Services	9,300	3,986	13,286
Electricity	6,181	4,120	10,301
Water Purchases	141,707		141,707
Sewage Treatment		116,633	116,633
Repairs and Maintenance	11,240	2,007	13,247
Other	2,135	2,134	4,269
Provision for Depreciation	8,257	8,516	16,773
	207,844	158,071	365,915
OPERATING INCOME (LOSS)	15,281	(15,917)	(636)
Other Income:			
Interest Earned	3,810	1,902	5,712
Township portion of net income (Loss) of sewer authority		(38,237)	(38,237)
	19,091	(52,252)	(33,161)
NET INCOME (LOSS)	19,091	(52,252)	(33,161)
Retained Earnings beginning of the year	194,975	393,939	588,914
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	\$214,066	\$341,687	\$555,753
	=====	=====	=====

CHARTER TOWNSHIP OF IRONWOOD
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2006

	Trust & Agency Fund	Tax Collection Fund	Total
ASSETS			
Cash and cash equivalents	\$11,007	\$50,370	\$61,377
Due from other funds	85	8,944	9,029
Due from others		6,760	6,760
TOTAL ASSETS	\$11,092	\$66,074	\$77,166
LIABILITIES			
Due to Other Funds	\$7,241	\$66,074	\$73,315
Due to others	3,851		3,851
TOTAL LIABILITIES AND EQUITY	\$11,092	\$66,074	\$77,166

C O M P L I A N C E

S U P P L E M E N T S

Jon J. Tomasi
Certified Public Accountant
208 Birch Street
Bergland, Michigan 49910

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS.

Supervisor and Members of the Board
Charter Township of Ironwood
Ironwood, Michigan

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Ironwood, Michigan as of and for the year ended December 31, 2006, which collectively comprise the Charter Township of Ironwood, Michigan's basic financial statements and have issued my report thereon dated June 21, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Charter Township of Ironwood, Michigan's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Ironwood, Michigan's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Charter Township of Ironwood, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Charter Township of Ironwood, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Charter Township of Ironwood, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Charter Township of Ironwood, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Charter Township of Ironwood, Michigan's internal control.

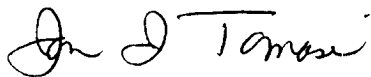
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of Ironwood, Michigan's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Charter Township of Ironwood, Michigan in a separate letter dated June 21, 2006.

This report is intended solely for the information and use of the Township Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant
Bergland, Michigan
June 21, 2007